managers to exercise care in accounting for syndicate funds, and states that any charge that has not been disclosed to members prior to the submission of a bid or prior to the execution of a purchase contract may be charged to syndicate members only if it is an actual expense incurred on behalf of the syndicate.

The Board believes that the proposed rule change is consistent with Section 15B(b)(2)(C) of the Act, which requires, in pertinent part, that the Board's rules: be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in municipal securities, to remove impediments to and perfect the mechanism of a free and open market in municipal securities, and, in general, to protect investors and the public interest.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Board does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

Written comments were neither solicited nor received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act and subparagraph (e) of Rule 19b–4 thereunder because the proposed rule change is an interpretation of an existing MSRB rule. At any time within 60 days of filing of the proposed rule change, the Commission may summarily abrogate the rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street NW., Washington, D.C. 20549. Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Room. Copies of the filing will also be available for inspection and copying at the Board's principal offices. All submissions should refer to File No. SR–MSRB–95–10 and should be submitted by August 2, 1995.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.[1]

Jonathan G. Katz,

Secretary.

[FR Doc. 95–17050 Filed 7–11–95; 8:45 am]

BILLING CODE 8010–01–M

[Release No. 34–35934; File No. SR–NASD–95–19]

Self-Regulatory Organizations; Order Approving Proposed Rule Change by National Association of Securities Dealers, Inc., Relating to Limited Partnership Rollup Transactions

July 3, 1995.

On May 4, 1995, the National Association of Securities Dealers, Inc. (''NASD'' or ''Association'') filed with the Securities and Exchange Commission (''SEC'' or ''Commission'') the proposed rule change pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act''),[1] and Rule 19b–4 thereunder.[2] The proposed rule change amends the NASD's rule regulating rollups (''Rollup Rule'') by adding new paragraph 7 to Subsection (b)(2)(B)(vii)d of Article III, Section 34 of the Rules of Fair Practice and new paragraph (vii) to Subsection (14)(D) to Part I of Schedule D to the By-Laws to exclude investment companies and business development companies from the definition of ''limited partnership rollup transaction.''

Notice of the proposed rule change, together with the substance of the proposal, was given by Commission release (Securities Exchange Act Release No. 35761, May 24, 1995) and by publication in the **Federal Register** (60 FR 28639, June 1, 1995). One comment letter was received. The Commission is approving the proposed rule change.

I. Background

Federal legislation regulating limited partnership rollups (''Rollup Reform Act'') was signed into law on December 17, 1993, and contained a mandate for the NASD to adopt its own rollup rule. On August 15, 1994,[3] the SEC approved the Rollup Rule which amended Article III, Section 34 of the NASD Rules of Fair Practice to prohibit NASD members and associated persons from participating in a ''limited partnership rollup transaction'' unless the transaction includes specified provisions to protect the rights of limited partners. The Rollup Rule further amended Part III of Schedule D to the By-Laws to prohibit the authorization for quotation on the Nasdaq National Market of any security resulting from a ''limited partnership rollup transaction'' unless the transaction is conducted in accordance with certain specified procedures designed to protect the rights of limited partners. The NASD Rollup Rule was designed to conform to the federal rollup legislation.

Subsequent to approving the NASD's Rollup Rule, the SEC adopted Rule 3b–11 to exclude from the definition of ''limited partnership rollup transaction,'' among other things, transactions involving entities registered under the Investment Company Act of 1940 (''1940 Act'') or any Business Development Company as defined in Section 2(a)(48) of the 1940 Act.[4] The SEC requested that the NASD amend the Rollup Rule to conform the NASD's definition of ''limited partnership rollup transaction'' to the definition adopted by the SEC.

II. The Terms of Substance of the Proposed Rule Change

The proposed rule change adds new paragraph 7 to Subsection (b)(2)(B)(vii)d of Article III, Section 34 of the Rules of Fair Practice and new paragraph (vii) to Subsection (14)(D) to Part I of Schedule D to the By-Laws to exclude investment companies and business development companies from the definition of ''limited partnership rollup transaction.'' The specific text of the rule change would apply to ''a transaction involving only entities registered under the Investment Company Act of 1940 or any Business Development Company as defined in Section 2(a)(48) of that Act.''

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[1] 17 CFR 200.30–3(a)(12).

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] Securities Exchange Act Release No. 34533 (August 15, 1994); 59 FR 43147 (August 22, 1994.)

[4] Securities Act Release No. 7113; Securities Exchange Act Release No. 35036 (December 2, 1994); 59 FR 63676 (December 8, 1994).

III. Comment Letters

As mentioned above, the Commission received one comment letter.[5] The ICI strongly supported and urged the Commission to adopt the proposed rule change. The ICI believed that an explicit exclusion of registered investment companies from the definition of ''limited partnership rollup transaction'' under NASD rules is entirely appropriate because investment companies are already subject to extensive regulation and have not been perceived as entities connected with the types of abusive limited partnership rollup transactions for which the investor protection provisions of the rollup rules were sought.

IV. Discussion

The Commission believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,[6] which require that the rules of the association be designed to prevent fraudulent and manipulative acts and promote just and equitable principles of trade in that the proposed rule change provides for regulatory consistency of the NASD's definition with the SEC's definition of ''limited partnership rollup transaction'' and appropriately excludes investment companies and business development companies from unnecessary, and potentially burdensome, additional regulation. Investment Companies and Business Development Companies are already subject to extensive regulation under the 1940 Act and the concerns associated with abusive limited partnership rollup transactions (e.g., significant conflicts of interest, adverse changes and differing effects for partnership investors) for which the investor protection provisions of the rollup rules were sought have not been apparent in these areas.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act, that the proposed rule change SR–NASD–95–19 be, and hereby is, approved.

[5] Letter from Frances M. Stadler, Esq., Associate Counsel, Investment Company Institute (''ICI''), to Jonathan Katz, Secretary, Securities and Exchange Commission, dated June 22, 1995.

[6] 15 U.S.C. 78*o*–3.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority, 17 CFR 200.30–3(a)(12).

Jonathan G. Katz,

Secretary.

[FR Doc. 95–16998 Filed 7–11–95; 8:45 am]

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[Release No. 34–35928; International Series Release No. 823 File No. SR–Phlx–95–43]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Philadelphia Stock Exchange, Inc., Relating to Customized Foreign Currency Options Transaction Size

June 30, 1995.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act''), 15 U.S.C. 78s(b)(1), notice is hereby given that on June 21, 1995, the Philadelphia Stock Exchange, Inc. (''Phlx'' or ''Exchange'') filed with the Securities and Exchange Commission (''Commission'') the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Phlx. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Phlx proposes to amend Exchange Rule 1069(a) to revise the minimum transaction size for customized foreign currency options (''Customized FCOs'') from 200 to 100 contracts. The text of the proposed rule change is available at the Office of the Secretary, the Phlx, and at the Commission.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Phlx included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Phlx has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of such statements.

(A) Self-Regulatory Organization's Statement of the Purpose of, and the Statutory Basis for, the Proposed Rule Change

On November 1, 1994, the Commission approved the Exchange's proposal to trade Customized FCOs.[1] Customized FCOs provide users of the Exchange's foreign currency options (''FCOs'') markets with the ability to customize the strike price and quotation method and to choose any underlying and base currency combination out of all Exchange-listed currencies, including the U.S. dollar, for their FCO transactions. The Phlx represents that Customized FCOs were introduced to attract institutional customers who enjoy the flexibility and variety offered in the over-the-counter foreign currency market but who prefer the benefits attributed to an exchange auction market for hedging their exchange rate risks.

The Exchange originally imposed a 300 contract minimum opening transaction size pursuant to Rule 1069(a)(6). The Exchange represents that a number of mid-sized corporations and institutions subsequently told the Phlx that a 300 contract minimum was too large for their purposes. The Exchange represents that these corporations and institutions believed that Customized FCOs would fill a market need for them but that the opening transaction size was prohibitive. As a result, the Exchange states that it determined to reduce the minimum opening transaction size in stages. As a first step, earlier this year, the Exchange reduced the minimum size of opening transactions in Customized FCOs to 200 contracts.[2] The Exchange believes, however, that 200 contracts is still too large for a significant segment of mid-sized corporations (*i.e.*, $1–10 billion in market capitalization) that wish to hedge their currency risk in a cost-effective manner using an exchange-traded Customized FCO. The Exchange, therefore, now proposes to reduce the minimum opening transaction size for Customized FCOs to 100 contracts, which would still provide for an average minimum opening transaction value of almost $5 million, as shown below:

[1] *See* Securities Exchange Act Release No. 34925 (November 1, 1994), 59 FR 55720 (November 8, 1994).

[2] *See* Securities Exchange Act Release No. 35464 (March 9, 1995), 60 FR 14043 (March 15, 1995.